

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 SIG-03 IO-13 CAB-02 CIAE-00  
COME-00 DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00  
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DRAFTED BY EB/TRA:JRATWOOD:BD  
APPROVED BY EB/TRA:JRATWOOD  
EUR/NE:DGOODMAN (INFO)  
EUR/CAN:GMONROE (INFO)  
EUR/WE:EJBEIGEL (INFO)  
-----009447 280635Z /14

R 272158Z MAR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY PARIS  
INFO AMEMBASSY BERN  
AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMCONSUL MONTREAL  
AMEMBASSY OSLO  
AMEMBASSY OTTAWA  
AMEMBASSY STOCKHOLM

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MONTREAL PASS USREP ICAO

E.O. 11652: N/A

TAGS: EAIR, FR, CA

SUBJECT: CIVAIR: MEETINGS ON BILATERAL AND CHARTER  
ISSUES; MLS

1. DEPASTSEC ATWOOD AND EMBOFF MET WITH FRENCH OFFICIALS  
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ON MARCH 24 FOR INFORMAL DISCUSSIONS ON VARIOUS AVIATION  
ISSUES.

2. ATWOOD BRIEFED FRENCH ON GENERAL US PHILOSOPHY ON  
COMPETITION, EMPHASIZING THAT POLICY COULD BENEFIT BOTH  
FRENCH CONSUMERS AND AIRLINES, PARTICULARLY IF THE LATTER  
WISHED TO BE AGGRESSIVE IN THE MARKETPLACE. FRENCH

EXPRESSED STRONG DISAGREEMENT WITH US APPROACH, STATING BELIEF THAT THE POLICY WAS INTENDED PRINCIPALLY FOR BENEFIT OF US CARRIERS, WHICH TEND TO HAVE LOWER COSTS THAN EUROPEAN CARRIERS BURDENED BY GOVERNMENT LABOR AND PROCUREMENT POLICIES. IT WAS ALSO STATED THAT FRENCH COULD NOT POLITICALLY ACCEPT LESS THAN A 50 PERCENT MARKET SHARE IN NORTH ATLANTIC. AIR FRANCE IS NOT PRESENTLY PROFITABLE ON US ROUTES, ALTHOUGH LEVEL OF LOSSES IS MUCH REDUCED FROM SEVERAL YEARS AGO.

3; ON CHARTERS, US EXPRESSED CONCERN ON IMPACT OF LOW

FARES ON CHARTER OPERATIONS, PARTICULARLY IN LIGHT OF RESTRICTIVE FRENCH POSITION ON CHARTER RULES AND MINIMUM RATES. FRENCH RESPONDED, AS HAD GERMANS IN SIMILAR DISCUSSIONS PREVIOUS DAY, THAT CHARTERS PROSPERED IN 1977 WHILE SCHEDULED SERVICES WERE FLAT. THEY FEEL THERE IS CURRENT IMBALANCE IN FAVOR OF CHARTERS, AND ARE DISTURBED PARTICULARLY SINCE VAST BULK OF CHARTER OPERATIONS ARE BY US CARRIERS. FRENCH STATED, HOWEVER, THAT THEY WOULD TAKE A FLEXIBLE POSITION ON MINIMUM CHARTER RATES IF AIR FRANCE APEX AND MID-WEEK FARES WERE APPROVED. CHARTER RATES A FEW PERCENTAGE POINTS BELOW MINIMUMS WOULD BE APPROVED WITHOUT FUSS, AND RATES IN THE RANGE OF 10 TO 12 PERCENT BELOW WOULD BE CONSIDERED ON AD HOC BASIS. FILINGS 30 PERCENT BELOW WOULD BE REGARDED AS CLEARLY LIMITED OFFICIAL USE

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UNREASONABLE. FRENCH REJECT ABSOLUTELY THE NOTION OF COUNTRY-OF-ORIGIN RULES AND COUNTRY-OF-ORIGIN PRICE REGULATION.

4. IN LIGHT OF US REQUIREMENT OF AD HOC AGREEMENT AS A CONDITION FOR APPROVAL OF AIR FRANCE'S WINTER APEX FARE AND PRESENT LACK OF USCAB APPROVAL FOR SUMMER APEX AND MID-WEEK FARES, FRENCH EXPRESSED SKEPTICISM ABOUT AVOWED US POSITION IN FAVOR OF LOW SCHEDULED FARES. ATWOOD STATED HE EXPECTED US APPROVAL OF NEW AIR FRANCE FILINGS. FRENCH STATED THAT THEIR EXPRESSIONS OF DISSATISFACTION FOR US CARRIER NORTH ATLANTIC FARES WOULD THEN BE PROMPTLY WITHDRAWN. FRENCH ADDED THAT, UNDER THEIR VIEW OF US-GOF BILATERAL, NEITHER SIDE COULD REJECT A TARIFF WITHOUT A FULL SUSPENSION OF SERVICE.

5. US TEAM PROVIDED FRENCH LEGAL MEMORANDUM PREPARED BY NATIONAL ON ITS DESIRES TO SERVE CHARLES DEGAULLE AIRPORT RATHER THAN ORLY. US ENDORSED MEMORANDUM AND ASKED FOR FRENCH RESPONSE.

6. THERE WAS GENERAL DISCUSSION OF CURRENT BILATERAL

DISPUTES ON PAN AM'S CHANGE OF GUAGE IN LONDON, GENEVA-  
NICE BLIND SECTOR, AND FIFTH-FREEDOM OPERATIONS BY TWA.  
US ASKED, BUT WAS REFUSED, EXTENSION OF MARCH 31 DEADLINE  
ON TWA BLIND SECTOR QUESTION.

7. ON MLS, US TEAM ASKED LIKELY FRENCH POSITION AT  
APRIL ICAO MEETING. RESPONSE WAS THAT FRENCH TENDED TO  
FAVOR US TO UK SYSTEM, AND MAIN CONCERN WAS TO AVOID AN  
EARLY (AND COSTLY) INTRODUCTION OF MLS TECHNOLOGY. FRENCH  
APPEARED TO AGREE THAT TIMING OF ICAO DECISION WAS  
DIFFERENT ISSUE FROM TIMING OF INTRODUCTION OF MLS

TECHNOLOGY, AND SHOWED NO EVIDENCE OF A DESIRE TO AVOID  
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ICAO DECISION IN APRIL. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETINGS, MIRCOWAVE EQUIPMENT, NAVIGATIONAL AIDS  
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**Copy:** SINGLE  
**Draft Date:** 27 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Drafter:** JRATWOOD:BD  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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